

of carrying the gold premium to 45 per cent, by August 15th. The paper fever once in the blood, the monetary history of Chile for the next ten years was a record of constant new infusions of the drug as the effect of the earlier ones became deadened. The first issue of 50,000,000 piasters was supplemented in 1905 by a further issue of 30,000,000 piasters ; in the spring of 1906 by an issue of 40,000,000 piasters ¹; and by a law of September 12, 1907, by a still further issue of 30,000,000 piasters, which carried total issues to 150,000,000.² Ultimate conversion into gold was appropriately postponed, by the law of December 29, 1904, to the beginning of the year 1910.³

During all these vicissitudes the government struggled to accumulate gold funds with a view to ultimate resumption, and for several years prior to the crisis of 1907 exchange was kept within comparatively narrow limits of fluctuation. In 1904 the maximum was 17 pence and the minimum 16; in 1905, the maximum was 15! and the year closed with a rate of 14-5- pence. The year 1906, the earthquake year, saw the minimum below 14 pence, and the crisis of 1907 carried quotations down sharply, from 12½ pence on October 1st to 8½ pence on December 3d.⁴ Even at this time, however, government four and a half per cent, bonds, on which the interest was payable abroad in gold, receded only from 92 in September to 87 in December, and the government did not abandon its purpose to accumulate sufficient gold to restore the notes to their legal parity of 18 pence. The law of September 12, 1907, authorized a gold loan of £4,500,000, and it was calculated that the Treasury already had gold funds in the custody of European banks and at home to the amount of 78,420,160 piasters at the legal parity.⁵ The limit of paper issues was officially fixed at 150,000,000 pesos, and by a law of December 9, 1907, provision was made for a sub-

¹ Report of the Director of the Mint, 1907, 222.

² *Marche Financier en igoj-oS*, 732.

³ *Journal des Economistes Europeens*, August 25, 1905, XXVIII., 253.

⁴ *London Economist* December 14, 1907, LXV., 2172.

⁵ *Marche Financier en igoj-oS*, 733.